



EDDY MATCH COMPANY, LIMITED
AND
SUBSIDIARY COMPANIES

APR 14 1958

EDDY MATCH COMPANY, LIMITED

1270 Pembroke Street West

PEMBROKE, ONTARIO, CANADA

DIRECTORS

G. P. BARTHOLOMEW
J. A. BOYD
J. N. COLE
L. M. CRANDALL

D. B. CRUIKSHANK
I. H. G. GILBERT
H. HART
G. A. HUTCHINSON

OFFICERS

President & Chairman of the Board
Executive Vice-President
Vice-President, Secretary & Treasurer
Assistant Secretary & Assistant Treasurer

L. M. CRANDALL
G. A. HUTCHINSON
H. HART
S. H. NIENKIRCHEN

Subsidiary Companies

IDEAL VENDERS LIMITED

President

D. H. SUTHERLAND

W. W. POWELL COMPANY, LIMITED

President

H. B. HORTON

THE STEEL EQUIPMENT COMPANY, LIMITED

President
Vice-President
Managing Director

D. B. CRUIKSHANK
W. R. BEATTY
M. S. FELLOWES

REGISTRAR AND TRANSFER AGENTS

Montreal Trust Company
Toronto, Montreal and Vancouver

AUDITORS

Clarkson, Gordon & Co.

*The Annual Meeting of Shareholders will be held on Friday, April 11th, 1958
at 10:00 A.M. E.S.T. at the Head Office of the company, 1270 Pembroke Street
West, Pembroke, Ontario.*

THE PRESIDENT'S REPORT TO SHAREHOLDERS

1957 was the thirtieth year of operation of this Company and the first year as a public company. The year also saw the erection and occupancy of the new match manufacturing plant in Pembroke—forecast a year ago—where both wood and book matches are now being produced. Moving to this new plant was a substantial undertaking involving time, effort and expense. We believe it will provide both economies and improved products in the years ahead and, in conjunction with our well established match producing plants in Hull, Quebec, and Mission, British Columbia, will continue to provide top quality matches in a variety of forms to suit individual Canadian requirements.

In presenting the financial statements and auditors' report of your Company for the year ending December 31, 1957, comment will be made on some of the more important items.

Balance Sheet

Consolidated assets of the company and its wholly owned subsidiaries as of the year ended December 31, 1957, totalled \$8,667,865. Liabilities, aside from shareholders' equity, totalled \$890,085, a slightly higher ratio of assets to liabilities than the nearly "9 to 1" noted a year ago.

Operating Results

Net earnings at \$1,366,858 before income taxes are slightly lower than in 1956 and reflect a modestly lessened margin of earnings on a larger volume of sales than a year ago, and after making

provision for income taxes at \$617,000, a net profit for the year of \$749,858 was left, which represents earnings of \$2.57 per issued share of all classes.

Dividends to shareholders totalling \$478,119 have been voted and paid, and the remainder of net profits retained and used in the business. Capital expenditures made during the year totalled \$990,201, the principal items being the new match plant mentioned previously, a new metal cleaning and painting line at The Steel Equipment Company, Limited and new equipment for the first stage of a central machine shop.

Depreciation totalling \$267,373 was charged to operations during the year and is some \$60,000 higher than in 1956, reflecting charges against new capital items.

Subsidiary Companies

Our wholly owned subsidiary companies are as previously:

W. W. Powell Company, Limited	— Nelson, British Columbia
Ideal Venders Limited	— Deseronto, Ontario
The Steel Equipment Company, Limited	— Pembroke, Ontario

Lumber sales during the year were generally slow and unattractive as to price, a condition which adversely affected the Powell Company operations.

Vender sales were buoyant and an exceptionally good year developed for Ideal Venders Limited.

Steel office equipment sales were keenly competitive during most of the year and in lesser volume than in recent years, a condition reflected in the operations of The Steel Equipment Company, Limited.

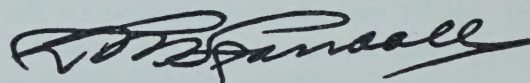
Negotiations which have been underway for several months, and finalized after the year end, resulted in our acquiring all the outstanding shares of Kootenay Forest Products Ltd. at Nelson, British Columbia. This new, wholly owned subsidiary was organized in 1952 and owns, or has under license, large timber areas in the interior of British Columbia, operates in logging, sawmilling and lumber finishing and processing activities, all in substantial volume. We believe this new acquisition has an important potential for

future wood fibre development and will currently provide facilities not previously available to us of important advantage to the operations of the W. W. Powell Company, Limited since both are located in the same community.

Thus our program of diversification and expansion proceeds, and while the current economic outlook is not as clear as has been taken for granted in recent years, we have complete faith in the growth and development of this great country of ours and shall seek every opportunity of keeping our effort apace.

Staff

I speak for the officers and directors in expressing appreciation to all the Eddy group of employees, whose loyalty and effort are so essential to the well being and development of the Company.



PRESIDENT

MONTREAL, TORONTO, HAMILTON
LONDON WINNIPEG REGINA
CALGARY EDMONTON, VANCOUVER

ARTHUR YOUNG, CLARKSON, GORDON & CO.
ACCOUNTANTS AND AUDITORS
OFFICES IN PRINCIPAL CITIES OF U.S.A.

Clarkson, Gordon & Co.
Chartered Accountants

807 PLACE D'ARMES

Montreal, 1
CANADA

AUDITORS' REPORT

To the Shareholders of
Eddy Match Company, Limited

We have examined the consolidated balance sheet of EDDY MATCH COMPANY, LIMITED and its subsidiaries as at December 31, 1957 and the statements of consolidated profit and loss and earned surplus for the year ended on that date and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the accompanying consolidated balance sheet and statements of consolidated profit and loss and earned surplus are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the companies as at December 31, 1957 and the results of their operations for the year ended on that date, according to the best of our information and the explanations given to us and as shown by the books of the companies.

Montreal, Canada,
February 19, 1958

Clarkson, Gordon & Co.
Chartered Accountants.

EDDY MATCH COMPANY, LIMITED

Consolidated

DECEMBER

(with comparative figures for 1956)

ASSETS		1957	1956
CURRENT			
Cash.....		\$ 25,751	\$ 8,142
Deposit receipts.....			700,000
Government bonds at cost (market value: 1957, \$484,500; 1956, \$464,600).....		527,700	527,700
Short term investments at market value.....		300,000	
Accounts receivable:			
Trade.....	\$1,419,554		
Affiliated company.....	2,053		
Other.....	49,593		
	<u>\$1,471,200</u>		
Less allowance for doubtful accounts 39,314		1,431,886	1,498,046
Inventories of materials, work in process and finished goods valued at the lower of cost or market.....		2,556,475	2,875,252
Prepaid expenses.....		58,973	74,691
Total current assets		<u>\$4,900,785</u>	<u>\$5,683,831</u>
PROPERTIES <i>note 1</i>			
Buildings.....		\$3,836,375	\$3,320,012
Equipment.....		3,014,517	2,540,679
		<u>\$6,850,892</u>	<u>\$5,860,691</u>
Less accumulated depreciation.....		4,049,671	3,873,144
		<u>\$2,801,221</u>	<u>\$1,987,547</u>
Land.....		75,139	75,139
Total properties		<u>\$2,876,360</u>	<u>\$2,062,686</u>
OTHER			
Investment in associated company.....		\$ 5,000	\$ 5,000
Patents, Rights, Trade Marks and Formulae <i>note 2</i>		401,449	401,449
Goodwill <i>note 2</i>		354,982	754,982
Deferred charges <i>note 3</i>		129,289	—
Total other assets		<u>\$ 890,720</u>	<u>\$1,161,431</u>
		<u>\$8,667,865</u>	<u>\$8,907,948</u>

and its SUBSIDIARY COMPANIES

Balance Sheet

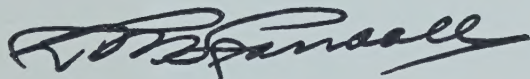
1, 1957

(at December 31, 1956)

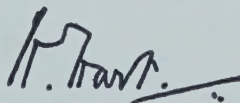
STATEMENT 1

<i>LIABILITIES</i>		1957	1956
CURRENT			
Accounts payable and accrued charges.....	\$	395,389	\$ 293,145
Income and other taxes payable.....		318,267	533,836
Deferred profit on instalment sales.....		176,429	174,927
Total current liabilities	\$	890,085	\$1,001,908
SHAREHOLDERS' EQUITY			
Capital—			
6% cumulative redeemable PREFERRED SHARES of \$100 par value, entitled on voluntary liquidation or on redemption to \$125 per share:			
Authorized and issued—9,250 shares	\$	925,000	\$ 925,000
COMMON SHARES without nominal or par value:			
Authorized—500,000 shares.....			
Issued —281,746 shares.....		4,992,820	4,992,820
		\$5,917,820	\$5,917,820
Earned surplus / STATEMENT 2.....		1,859,960	1,988,220
Total shareholders' equity		\$7,777,780	\$7,906,040
		<u>\$8,667,865</u>	<u>\$8,907,948</u>

Approved on behalf of the Board:



DIRECTOR



DIRECTOR

EDDY MATCH COMPANY, LIMITED *and its* SUBSIDIARY COMPANIES

STATEMENT 2

Statement of Consolidated Profit and Loss

FOR THE YEAR ENDED DECEMBER 31, 1957

(with comparative figures for the year 1956)

	1957	1956
PROFIT from operations before the following.....	\$1,696,192	\$1,681,595
DEDUCT Remuneration of executive officers.....	\$ 80,979	\$ 70,164
Legal fees.....	9,414	13,521
Directors' fees.....	8,375	4,000
Depreciation.....	267,373	207,510
	<u>\$ 366,141</u>	<u>\$ 295,195</u>
	\$1,330,051	\$1,386,400
ADD investment income.....	36,807	38,872
PROFIT before income taxes.....	\$1,366,858	\$1,425,272
INCOME TAXES <i>note 4</i>	617,000	660,000
PROFIT FOR THE YEAR.....	<u>\$ 749,858</u>	<u>\$ 765,272</u>

Statement of Consolidated Earned Surplus

FOR THE YEAR ENDED DECEMBER 31, 1957

(with comparative figures for the year 1956)

	1957	1956
BALANCE, beginning of year.....	\$1,988,221	\$1,654,103
PROFIT for the year.....	749,858	765,272
	<u>\$2,738,079</u>	<u>\$2,419,375</u>
DEDUCT dividends paid—Preferred.....	\$ 55,500	\$ 55,500
Common.....	422,619	375,654
Goodwill written off.....	400,000	—
	<u>\$ 878,119</u>	<u>\$ 431,154</u>
BALANCE, end of year.....	<u>\$1,859,960</u>	<u>\$1,988,221</u>

EDDY MATCH COMPANY, LIMITED *and its* SUBSIDIARY COMPANIES

Notes to Financial Statements

DECEMBER 31, 1957

Note 1 Properties are stated at cost, which in the case of the properties acquired at the commencement of operations in 1928 is the value placed thereon by the directors representing approximate appraised value at that date.



Note 2 Patents, rights, trade marks and formulae are carried at the stated value of the capital stock of the company issued therefor in 1928 in the amount of \$358,755, plus subsequent additions at cost.

Goodwill is carried at the stated value of the capital stock of the company issued therefor in 1928 in the amount of \$2,600,000, less amounts totalling \$2,245,018 since written off.



Note 3 Deferred charges of \$129,289 represent the unamortized portion of moving and relocation expenses incurred in connection with the

Note 3 new match factory at Pembroke, which expenses are being written off over the four years 1957 to 1960 inclusive.



Note 4 The company and one of its subsidiaries intend to claim for tax purposes depreciation on facilities whilst under construction, which depreciation has not been recorded in the accounts. As a result the charge against income for the year 1957 in respect of income taxes is approximately \$26,000 less than it would otherwise have been.



Note 5 Since December 31, 1957 the company has entered into an agreement to acquire the shares and bonds of another company. Such acquisition entails the disbursement by the company of approximately \$2,300,000 in cash and the issue of 19,207 additional common shares.

EDDY MATCH COMPANY, LIMITED
Head Office: Pembroke, Ontario

FACTORIES
Hull, P.Q., Pembroke, Ont., & Mission, B.C.

SALES OFFICES
Montreal & Toronto
Agents & Warehouses in Principal Cities in Western Canada & Maritimes

IDEAL VENDERS LIMITED
Head Office & Factory: Deseronto, Ont.

SALES OFFICE
Montreal, P.Q.

W. W. POWELL COMPANY, LIMITED
Head Office & Factory: Nelson, B.C.

THE STEEL EQUIPMENT COMPANY, LIMITED
Head Office & Factory: Pembroke, Ont.

SALES & EXECUTIVE OFFICE
Ottawa, Ont.
Dealers in all Principal Cities in Canada

